DOCUMENT RESUME

ED 305 501 CE 052 245

TITLE	Alternative Work Schedules: Changing Times for a Changing Workforce. The National Report on Work & Family. Special Report #5.
INSTITUTION	Bureau of National Affairs, Inc., Washington, D.C.
REPORT NO	ISBN-0-87179-984-7
PUB DATE	May 88
NOTE	36p.
AVAILABLE FROM	Bureau of National Affairs, Inc., Customer Service Center, 9435 Key West Avenue, Rockville, MD 20850 (Product Code BSP-96: $35.00; 6-10 copies: 10% discount; 11-25: 15% discount; 26-50: 20%; 51-200: 25%; 501-1,000: 30%; more than 1,000: 35%).
PUB TYPE	Information Analyses (070)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	Adults; *Employed Parents; *Employment Practices; *Flexible Working Hours; Futures (of Society); *Job Sharing; Mothers; Parent Responsibility; *Part Time Employment; Reentry Workers

ABSTRACT

Though the traditional 9:00-to-5:00 work week remains the predominant scheduling choice of most employers, companies in all industries increasingly are using alternative scheduling methods that allow employees to balance their work and family responsibilities. Alternative work schedules for permanent employees frequently are advocated as a solution to the problems faced by women in the work force. Job sharing, permanent part-time employment, work-at-home options, and flexible full-time work schedules offer employees an opportunity to modify work hours while maintaining the benefits of regular employment. Among other reasons for implementing flexible scheduling plans, employers cite cost effectiveness, flexibility, employee morale, and productivity. In 1987, 19.5 million people, or 17 percent of the work force, were employed on a part-time basis, according to the Bureau of Labor Statistics. (Five scheduling alternatives with case studies are examined in this report: permanent part-time, flextime, peak-time, job sharing, and worksharing.) (KC)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED305501

The National Report on
WORK & FAMILY

Special Report #5 | Buraff Publications, Inc. | May 1988

Special Report #5

Alternative Work Schedules: Changing Times For A Changing Workforce

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

This document has been reproduced as received from the person or organization originating it.

Minor changes have been made to improve reproduction quality.

Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY
K Cargile
Bureau of National Affairs Inc
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

OER52245

Produced by the BNA Special Projects Unit for
Buraff Publications, Inc., a subsidiary of
The Bureau of National Affairs, Inc.

Copyright 1988
The Bureau of National Affairs, Inc.
1231 25th St., N.W.
Washington, D.C. 20037
ISSN 0896-7008
ISBN 0-87179-984-7

Extra copies of this report (Product Code BSP-96) are $35.00 each, and may be obtained from BNA's Response Center, toll-free (800) 372-1033; or by mail from BNA's Customer Service Center, 9435 Key West Ave., Rockville, Md., 20850. The following discounts are available: 6-10 copies, 10%, 11-25, 15%; 26-50, 20%; 51-200, 25%; 501-1,000, 30%; and more than 1,000 copies, 35%.

INTRODUCTION

The needs and demands of employees are changing, many experts agree, due in part to an increase of working women, an increase in the number of single working parents, and economic pressures influencing both spouses in a family to work. Though the traditional 9-to-5 workweek remains the predominant scheduling choice of most employers, companies in all industries increasingly are using alternative scheduling methods that allow employees to balance their work and family responsibilities.

Alternative work schedules for permanent employees frequently are advocated as a solution to the problems faced by women in the workforce. Job sharing, permanent part-time employment, work-at-home options, and flexible full-time work schedules offer employees an opportunity to modify work hours while maintaining the benefits of regular employment, stated Barney Olmsted, co-director of the San Francisco-based non-profit organization New Ways to Work.

Among other reasons for implementing flexible scheduling plans, employers cite cost effectiveness, flexibility, employee morale and productivity.

In 1987, 19.5 million people, or 17.3 percent of the workforce, were employed on a part-time basis, according to the Bureau of Labor Statistics. The percentage has remained steady since 1985, however, the number of people in the workforce has increased.

Workers on flextime schedules accounted for 20 percent of the nation's part-time workers in 1985, and 12.3 percent of full-time wage and salary earners, excluding the incorporated, self-employed, according to BLS.

Five scheduling alternatives with case studies are included in this report: permanent part-time, flextime, peak-time, job-sharing and worksharing.

- *Part-time.* The impact of part-time employment on both employees and employers has been the subject of much debate. One reason for the debate is the diversity of part-time work. Duties can be clerical, managerial or professional; salaries can range from minimum wage to the going hourly rate for a lawyer or consultant. The case study details the experience of Woodward & Lothrop, a Washington, D.C., department store chain with more than 50 percent of its workforce employed on a part-time basis.
- *Flextime.* The most popular and widely accepted scheduling alternative is the flexible full-time schedule, according to surveys by the Administrative Management Society. Usually this option includes flexible starting and quitting times combined with a five-day workweek. Another option is to compress 40 hours into a shorter workweek. In addition, employees sometimes voluntarily take reduced work hours, called V-time. The experiences of Transamerica Life Companies, where two-thirds of the participants in flextime plans are women, and SmithKline Beckman Corp., which has reduced tardiness and absenteeism with its flextime plan, are detailed in the case studies.
- *Peak-time.* Under this program, workers are hired to work only during high-volume periods. They may work as few as one or two hours per week, or as many as 25 hours and normally are paid higher wages than those paid to regular part-timers. Such a wage system can attract more qualified workers for periods of peak activity, who might not otherwise consider part-time employment, according to Stuart Mahlin, former vice president for personnel of Provident Bank of Cincinnati and now a personnel consultant. Provident Bank of

Copyright 1988
The Bureau of National Affairs, Inc.

Cincinnati, which uses peak-time workers, is the case study.

- *Job-sharing.* Two or more employees assume the responsibility for one full-time job in a job-sharing situation. The key advantage to this alternative work schedule, experts say, is that employees receive better benefits and higher pay than standard part-time employment. Northwest Utilities in Stamford, Conn., provides a case study.
- *Worksharing.* In times of economic downturn or temporary business slowdowns, employers in some states are encouraged to reduce the length of the workweek, rather than the size of the workforce. But the plan has received a lukewarm response from many employers. The case study is View-Master Ideal Group, Inc., a company that turned to worksharing when demand for its products fell in 1985.

These alternatives accommodate "the changing needs of employees while satisfying the requirements of employers," according to the Administrative Management Society (AMS). Two 1987 AMS surveys showed small and medium-sized companies reporting an increase in the use of flexible staffing and scheduling arrangements. In addition, the five-day, 37.5-hour workweek was reported in use by 27 percent of responding firms in 1987. In 1985, only 18 percent of respondents used this hourly plan.

Seventy-seven percent of respondents reported using permanent part-time workers. Clerical workers accounted for 58 percent of part-timers, while secretarial workers made up 25 percent.

Part-timers are receiving a variety of benefits, the AMS survey showed. Forty-two percent of respondents reported providing holiday pay to part-timers, 40 percent provided vacation pay, 33 percent offered health insurance, 30 percent allotted sick pay, and 28 percent offered pension or retirement benefits.

The use of flextime scheduling has doubled in the past 10 years, according to the AMA. Thirty percent of survey respondents currently use flextime scheduling, twice as many as reported in a 1977 AMA survey.

Ten percent of the respondents said their companies had job-sharing arrangements, and 3 percent said they were considering starting job-sharing plans. The survey found that, to determine pay scales for job-sharers, most companies prorate the salary level for full-time jobs. Benefits were widely available to job-sharers. Ninety percent of companies reported giving vacation and holiday pay, 70 percent gave sick pay, 60 percent gave pension and retirement benefits, and 50 percent provided health insurance.

The information contained in this work and family report first appeared in the 1986 BNA special report, *The Changing Workplace: New Directions in Staffing and Scheduling.* Those case studies have been updated. The case study on Northeast Utilities first appeared in BNA's *Employee Relations Weekly* in October 1987.

This special report is the fifth in a series produced by the BNA Special Projects Unit for Buraff Publications, Inc., a subsidiary of The Bureau of National Affairs, Inc., in conjunction with the Buraff newsletter, *The National Report on Work and Family.*

Copyright 1988
The Bureau of National Affairs, Inc.

PART-TIME WORK

In 1987, an average of 19.5 million Americans – 17.3 percent of the workforce – were working part-time, according to the Bureau of Labor Statistics.

Part-time employment serves many purposes for both employers and employees, but there is considerable debate over its impact on employees and on the businesses they serve.

One reason for this debate is the diversity of part-time work, a category that includes everything from newspaper delivery routes paying $40 a week to part-time legal jobs paying $100 an hour. Some part-time work is temporary and offers no benefits; some is long term and offers at least prorated benefits. Some employees prefer part-time jobs; others would prefer full-time jobs if they could find them.

There are many work alternatives that can fall into the part-time classification. For example, temporary work that totals less than 35 hours per week would be called "part time" by BLS, as would long-term, regular work that averaged less than seven hours a day, based on a five-day workweek. Many of the alternative work schedules examined in this chapter fall under the part-time umbrella: job sharing, peak time, homework, and in some cases V-time, or voluntary reduced work time.

There has been speculation that employers are increasing their use of part-time employees, in part to adjust staffing levels to the ups and downs of business during the day or week, and in part because they may cost less than full-time employees.

Increased Use of Part-Timers

The number of part-time employees has grown as a percentage of the workforce since 1968. Between 1968 and 1982, according to BLS, the proportion of employees working part time grew from 14 percent to 18 percent. Since then, it has fallen slightly. BLS economist Thomas J. Nardone, in a February 1986 *Monthly Labor Review* article, attributed the recent decline – to roughly 17 percent of the active workforce – to the strengthening of the economy.

Nardone reported that part-time work is concentrated in the burgeoning retail and service sectors of the economy. This is especially true of voluntary part-time workers, who make up approximately three-fourths of all persons working part time. Almost 80 percent of voluntary part-time workers are employed in services or retail trade, he noted.

A significant number of voluntary part-timers are managerial or professional workers. in June 1986, just under two million such persons were employed, according to BLS. However, the lion's share of part-timers worked in such occupations as sales (2.3 million), administrative support, including clerical (2.4 million), and services (3.4 million).

Most Part-Timers Are Women

BLS figures show that women make up two-thirds of the part-time workforce. In fact, more than one out of every four employed women are part-timers. Just under one in 10 employed men is a part-timer, according to BLS.

In addition, very young and very old workers are especially likely to work part-time. Almost two-thirds of all men working part-time are either between the ages of 16 and 24, or 65 years old or older. Of all women working part-time, a third fell into these two age groups, BLS said.

Interestingly, part-time work appears to be an equalizer when it comes to overall earnings of men and women. The median weekly earnings of a full-time male employee were $416, compared with only $290 for women, in the second quarter of 1986, according to BLS. For part-time workers, the medians were $92 for men and $102 for women.

Copyright 1988
The Bureau of National Affairs, Inc.

Pay, Benefits Lower

Criticism of part-time work by labor unions and others has centered on the lower pay and benefits generally earned by part-timers.

BLS figures show dramatic differences in income between full- and part-time workers. In the second quarter of 1986, the median weekly earnings of a full-time worker came to $358, while the median weekly earnings for part-timers amounted to $99. The difference is only partially due to reduced work hours; more than three of every four part-timers work between 15 and 34 hours a week.

The Employee Benefit Research Institute has compiled some data on part-timer benefits, based on 1983 Current Population Survey results, the most recent available for the analysis. Deborah Chollet, EBRI senior research associate, reported that almost 80 percent of full-time, year-round workers were covered by company health insurance plans, under either the worker's or the worker's spouse's plan. Among year-round part-time workers, 33 percent were covered.

Employer cost-cutting efforts are not the only reason for the low percentages of benefit coverage for part-timers. Under private sector group health insurance plans, health insurance companies commonly do not offer coverage to employees working fewer than 30 hours per week, according to the Association of Part-Time Professionals. However, in the book *Part-Time Professional*, coauthors Diane Rothberg and Barbara Ensor Cook wrote that "insurers are usually willing to waive this requirement for permanent part-time employees."

Benefit coverage discrimination against part-time employees was limited by law in the state of New Hampshire. Under Chapter 114, effective Jan. 1, 1987, insurers may not bar group insurance coverage to persons working 15 hours or half the normal workweek on a regular basis. The law does not oblige employers to cover part-timers, however.

Less Pension Plan Coverage

As is the case with health insurance, relatively few part-time employees are covered by pension plans. Of those working less than 1,000 hours a year (an average of 20 hours per week), 28 percent were covered by pension plans, and of these, only 15 percent were vested, EBRI data show. Of those working 1,000 to 2,000 hours (20 to 40 hours a week), half were covered by pension plans; a third (33 percent) of these were vested. Among full-time workers, those working 2,000 or more hours, 65 percent were covered by pension plans, and almost half were vested.

Federal pension law – the Employee Retirement Income Security Act – requires private employer pension plans to cover employees working more than 1,000 hours per year.

How Many Part-Timers Are Permanent?

Part-time employment could be divided into two classes: irregular or short-term jobs and "permanent" jobs. It is not known how many part-time employees work in permanent as opposed to short-term jobs. Even some "voluntary" part-timers work in jobs of limited duration.

There are some data, however, on the number of employers using permanent part-time workers. A 1985 survey conducted for the American Management Association by Goodmeasure, Inc., found that 34 percent of 1,618 responding employers used them.

As with other employment alternatives, the survey found, the use of permanent part-time employees varied by industry type. Between 40 and 50 percent of respondents in finance, insurance, real estate, medical/health care, government, and education used part-timers. Twenty percent of construction firms, 26 percent of manufacturing firms, 27 percent of wholesale/retail trade firms, and 32 percent of transportation/distribution firms also used permanent part-time employees.

The AMA/Goodmeasure survey found that the use of these workers varied among job clas-

Copyright 1988
The Bureau of National Affairs, Inc.

sifications. The responding organizations used permanent part-timers in the following ways:

- 66 percent for clerical/secretarial jobs;
- 64 percent for hourly jobs;
- 29 percent for professional/technical jobs;
- 12 percent for supervisory jobs;
- 7 percent for middle management jobs; and
- 3 percent for senior management jobs.

Most of the firms had used permanent part-timers for more than five years, and almost two-thirds rated the strategy "very good" or "excellent," the AMA/Goodmeasure survey found. Only 3 percent rated it "unsatisfactory."

Benefits for Regular Part-Timers

There is some evidence that permanent part-time employees are more likely to receive benefits than other part-time employees, although coverage is considerably more likely if the part-timer is working more than 30 hours per week. A 1985 survey by Hewitt Associates, Chicago, found that 73 percent of 484 surveyed firms offered medical benefits to part-time employees who worked at least 30 hours a week; 99 percent offered medical benefits to full-time employees.

However, just under half the firms offered medical benefits to employees working between 20 and 29 hours a week, and only 13 percent offered benefits to part-timers working fewer than 20 hours a week. Somewhat higher percentages of companies offered paid vacations to part-timers (85 percent gave them to part-timers working 30 or more hours a week). Fewer than two-thirds of the companies offered paid sick leave to part-timers: 62 percent provided this benefit for those working 30 or more hours a week, although 90 percent offered paid sick leave to full-time employees, the consulting firm's survey found.

Part-Time Attorneys

The status of part-time employment in the legal profession was the subject of a survey conducted in 1985 by New Ways to Work, a non-profit San Francisco organization that promotes alternative work patterns. Among 141 San Francisco area law firms and corporate legal offices, public interest organizations, and governmental entities, 20 percent had an explicit policy allowing attorneys to work part-time, and 23 percent had employed at least one part-time attorney in the previous three years. At the time of the survey, 63 attorneys - 52 women and 11 men – were reported to be working part-time.

Part-time positions for lawyers were discussed during a June 1986 meeting of the Women's Bar Association of the District of Columbia. The key to being an effective part-time attorney is the ability to be responsive to the firm's needs, according to Shirley Peterson, formerly a part-time attorney and currently a partner with Steptoe & Johnson. Peterson said it was important to have flexible child care arrangements to allow coming into the office on short notice or on a case-by-case basis. "Never let anybody down," she advised.

On the issue of becoming a partner in the firm, Peterson recalled that her promotion was delayed two years because of what her colleagues saw as a "lack of commitment to the firm," exemplified by her part-time status. Peterson attributed her eventual advancement to her personal expertise in tax law combined with a reputation for reliability and top-quality work.

The part-time attorney must recognize the tradeoffs involved, Peterson said. "You have to decide for yourself whether or not you are willing to give up some of the perks and values that go along with being a fulltime lawyer in order to spend more time with your children.... You can't have it all," she said.

Three Advantages for Employers

In an article in the January 1986 issue of *Personnel Administrator*, Temple University professors Cherlyn S. Granrose and Eileen Applebaum discussed several advantages and disadvantages to employers of part-time employees. They identified three principal advantages:

Copyright 1988
The Bureau of National Affairs, Inc.

- "Flexibility in scheduling workers to meet peak demand periods";
- "Reduction in the costs of fringe benefits and overtime"; and
- "An increase in the availability of workers who are more knowledgeable about a specific job or a particular organization than temporary workers."

Granrose and Applebaum also identified several disadvantages for businesses, particularly the problem of high turnover. Observing that part-timers frequently receive reduced pay and benefits compared with other workers, they said, "It is likely that the most qualified employees with initiative, skills, and self confidence will not settle for less."

Higher Social Security Tax

Another potential business barrier to part-time employment is the fact that in highly paid jobs, an employer will incur higher Social Security taxes by employing two individuals rather than one. This is because the taxes, as stipulated in the Federal Insurance Contributions Act (FICA), apply only to the first $42,000 each employee is paid (as of 1986). The effect is that when two part-time employees are paid $30,000 each, instead of one full-time employee being paid $60,000, an employer will pay an additional $1,287 in FICA taxes.

Despite these difficulties, the use of part-time workers has been embraced by many businesses as a means of serving the needs of both the business and some of its employees. Federal Express is one such firm.

Federal Express' Experience

Measured in full-time equivalents, part-timers make up about 20 percent of the Federal Express workforce, according to Charles Hartness, the company's managing director of human resources. The part-timers meet two critical needs, he explained:

- Staffing for the highly variable pick-up and delivery workloads, which peak in the early morning and late afternoon; and
- Staffing for the peak workload at Federal Express' Memphis sorting center. The height of activity at that facility is between 11 p.m. and 3 a.m.

At the Memphis center, Hartness said, many of the part-timers are students and moonlighters: persons who could not take a full-time job, but desire extra income. Federal Express part-timers are on the same hourly pay scale as full-timers, but some benefits are reduced, he said.

Hartness said the biggest problem with part-time employees is that many see the jobs as steppingstones to full-time employment with the company. The turnover rate for part-timers is somewhat higher than the full-timer turnover rate, he noted. The challenge is "finding people who are truly part-time," Hartness continued. Compared with would-be full-timers, "I'd rather have a fireman with eight years in the force who is about to vest." That employee, he reasoned, "wants to earn some extra money and will stay part-time."

Unions: Much Criticism, Some Support

A lack of career potential is one of the major criticisms of part-time work made by labor unions and other critics. "I don't see anything positive coming out of it," said Greg Tarpinian, director of the union-funded Labor Research Association.

However, some union officials see potential strengths to part-time work. "Many people who work part-time want to work part-time," observed Vicki Saporta, director of organizing for the International Brotherhood of Teamsters. "Our job is to make sure that they are earning a good wage and good benefits – and that they have a grievance mechanism that protects their jobs just as full-timers' jobs are protected."

Saporta pointed to the Teamsters' contract with United Parcel Service as a model in this regard. In 1986, part-timers received the same wages and benefits as full-time employees, according to Saporta, although new part-time employees do not receive cost-of-living wage adjustments.

Copyright 1988
The Bureau of National Affairs, Inc.

Even the UPS arrangement, however, came under fire from another union observer, Kim Moody, editor of *Labor Notes*, a Detroit-based publication that is frequently at odds with the Teamsters leadership. Moody said that, indirectly, part-timers at UPS have cost full-timers their jobs. UPS productivity goals are based in part on the performance of part-timers, Moody said, adding that these employees can work harder due to their short hours and the fact that they are young workers. Some full-timers have lost their jobs because they cannot meet the productivity goals, Moody asserted.

Case Study

Woodward & Lothrop, Inc.

Permanent part-time employees are a large and vital segment of the workforce of Woodward & Lothrop, Inc., a privately-owned chain of department stores in the Washington, D.C., metropolitan area. The company hires part-timers to fill a business schedule that dramatically fluctuates during peak periods of the day, as well as during promotions, holidays, and major sales.

Non-management workers at the stores – both full- and part-time – are represented by United Food and Commercial Workers International Union (UFCW) Local 400. The labor contract between Local 400 and Woodies expiring May 1989 spells out many of the terms governing part-time employment at the chain.

Permanent part-time employees work in all 16 Woodies stores, which are located in Virginia, Maryland, and Washington, D.C. These employees fall into two groups, according to Gwyn Collins, former labor relations coordinator at Woodies. Those who work fewer than 20 hours a week are called "part-time" employees. Those who work between 20 and 37 hours a week are called "regular part-time" employees.

The two groups of part-timers are on the same pay scale as full-time employees, but receive differing benefit packages, Collins said. Additionally, among those employee classifications eligible for commissions, full-time employees receive slightly higher sales commissions than part-timers. In men's wear, for example, full-time salespersons receive a 7.76 percent commission, while part-timers receive 6.22 percent.

Regular part-time employees receive the same benefit package as full-time employees but on a prorated basis. The benefits include participation in group health and life insurance programs, paid vacation, regular holidays, sick leave, and a 20 percent discount on Woodies merchandise. Part-time employees, who work fewer than 20 hours per week, receive only prorated holiday pay and vacation, as well as the 20 percent merchandise discount, Collins said.

53 Percent Work Less than Full Time

Part-time and regular part-time employees combined comprise 53 percent of Woodies' average workforce of 5,500, according to Louis J. Sperling, divisional vice president of labor relations for Woodward and Lothrop. (During peak sales periods, the workforce swells to some 8,000, Sperling said.) About 23 percent of the employees are regular part-timers, and 30 percent are part-timers.

Many of those working less than full time are women, according to company and union officials, although Collins said she did not know the

Copyright 1988
The Bureau of National Affairs, Inc.

exact percentage. Overall, women make up about 76 percent of all Woodies employees, Collins said.

Part-time and regular part-time employees fill almost every type of staff position, from salespersons to clerks to managers, according to Collins.

Increase in Part-Timers

The number of part-time and regular part-time employees at Woodies has jumped from 39 percent of the workforce in 1980 to 53 percent in 1987, although the growth rate has slowed considerably since 1982. Part-time and regular part-time employees have made up the following percentages of the workforce in the noted years, according to figures supplied by Woodies:

1980: 39 percent of workforce
1982: 49 percent of workforce
1984: 51 percent of workforce
1986: 53 percent of workforce
1987: 53 percent of workforce

Woodward & Lothrop officials say the company's main objective in hiring part-timers is to remain flexible enough to satisfy customer needs while keeping overstaffing to a minimum. Stores are generally open well over eight hours a day, and there are peaks and valleys in business, which the use of part-time employees helps accommodate. For example, stores that have an increase in customers during lunch hours have additional part-time employees workding at that time.

"Our goal for [hiring part-timers] is to cover schedules," said Louis J. Sperling, divisional vice president of labor relations. Additionally, Sperling observed, labor costs are reduced by the use of part-time employees.

Turnover among part-time employees is much higher than among full-timers, Sperling said, and he acknowledged that employee turnover is a problem for the stores. However, he also said that some of Woodies' best and longest-tenured employees are part-timers. The highly-variable workloads faced by Woodies, as well as its extended hours, seven-day workweek, make the use of large numbers of part-timers essential, according to Sperling.

Part-Timers Bid for More Hours

Under terms of the labor agreement negotiated in 1983 between Woodies and UFCW, and renewed in 1986, part-time employees may bid for longer assignments. "We don't discourage employees from increasing their hours. Rather, we encourage them to take full-time jobs because it gives employees a stake in the company," Sperling said.

The job-bidding program is open to all regular employees and allows them to bid for vacant work assignments. Since the program began in 1983, the number of part-timers working fewer than 20 hours per week has decreased, with significant numbers of these employees bidding into regular part-time and even full-time status, according to the company.

The arrangement also has proven a good recruiting device. Sperling said that many people will take part-time jobs at Woodies knowing they will have a chance to increase their hours with the job-bidding program.

The bidding program requires Woodies to post open work assignments. Employees wishing to permanently increase their hours may bid on those assignments, with priority going to those qualified bidders with highest seniority. Employees may not bid for more than 40 hours of work.

In a related contract feature, Woodies is constrained in its use of on-call and seasonal employees, who are brought in during peak sales periods. Under the terms of the union contract, these temporary employees may not displace other workers. In general, they may be used only when open slots cannot be filled by the bidding process.

The bidding arrangement grew out of a union proposal to improve the compensation package and lengthen work hours for part-time employees, according to Thomas R. McNutt, president of Local 400 of the United Food and Commercial Workers International Union. The bidding process was quickly embraced by both

Copyright 1988
The Bureau of National Affairs, Inc.

labor and management, according to union and company officials.

Union, Company Like Bidding System

McNutt said he approves of the job-bidding program because he would like to increase the number of full-time employees at Woodies. "Those [part-timers] who don't want more hours can opt not to have them," McNutt said, while those who want more hours have a process to obtain them. The agreement is "really one of the better systems," McNutt said.

The union leader said that the program has significantly increased opportunities at Woodies for part-time employees to become full-time employees. Prior to the bidding agreement, Woodies slipped into patterns of convenience where it was easier for managers to fill a schedule with part-timers, seasonal, or on-call employees than with full-timers, McNutt said.

Sperling also expressed approval for the program, stating that the 108-year-old Woodward & Lothrop is an organization where a large number of people have worked their way up – a process Sperling called "home-growing." The bidding process has increased the average tenure of part-time employees, as well as their overall dedication to the company, he added.

Employee Likes Bidding Program

The job-bidding program also appears to be popular with Woodies' part-time employees. Former part-time employee Theresa Mathis, then a 20-year-old junior at Howard University, had been working at Woodies' main Washington, D.C., store for six weeks when increased her hours from 14 to 34 per week, thereby receiving the same benefits package as a full-time worker. Although Mathis planned to return to college full-time in the fall, but she was kept on Woodies' on-call employee list.

Like many part-time employees at Woodies, Mathis said she needed income to supplement her education costs. Part-time employees are often students between the ages of 18 and 24 who work an average of four to six months, according to both Woodies and union officials. However, Sperling has noticed an increasing number of retired and older persons filling these positions, he said.

New 'Class' of Part-Timers

McNutt said that many part-time employees are the high school- and college-aged children of affluent families in the Washington suburbs, who have relatively little connection to their work compared with other employees. Few choose to join the union, he added.

On the other hand, the regular part-time employees who work more than 20 hours per week tend to be more committed, according to both McNutt and Sperling. Many, McNutt said, are single mothers attempting to earn a steady income while preserving enough non-work time to care for their children. Thanks in part to the job-bidding system, the regular part-timers have created a new class of employees at Woodies, in McNutt's view – employees who are dedicated, interested in advancement, and yet working part time.

"Like the union," Sperling said, "I would like to see the part-time employee feel that he or she has a stake in the company. And they see the connection between their jobs and the product we're selling – a service."

McNutt believes the job-bidding system will substantially increase the number of full-time employees at Woodies – a union goal. But he acknowledged that "It's impossible to eliminate part-timers unless you change the nature of the shopping industry by changing the hours the store is open."

Recruitment Challenges

Despite the job-bidding opportunities and sales commissions for some part-time jobs, Sperling said that it is difficult to find enough employees to staff the stores. He said the company makes every effort to recruit employees through area job fairs, advertising in major newspapers, and by interviewing people who walk in off the street, yet many schedules – such as part-time day jobs, evening, and weekend positions – are difficult to fill.

Copyright 1988
The Bureau of National Affairs, Inc.

FLEXTIME

Perhaps the most popular and widely accepted alternative to regular nine-to-five employment is the flexible full-time work schedule. Designed in numerous ways, ranging from a 7 a.m. to 4 p.m. workday, a 10 a.m. to 7 p.m. workday, or even a four-day, 40-hour workweek, flexible work schedules have been adopted by many employers and embraced by many employees.

There are myriad possible flexible work schedules, and they go by many names. Flextime, flexitime, and flexible scheduling are terms frequently used to describe the most prevalent alternative work arrangements, namely those involving some sort of flexible daily starting and quitting times combined with a five-day workweek. Compressed workweeks – four 10-hour days, for example – have been called 4-10 schedules and 4-40 schedules. A third option, voluntarily reduced work hours, is sometimes called V-Time.

Of the three basic alternatives, flexible schedules are by far the most common, according to a variety of polls and experts. A 1986 survey by the Administrative Management Society, based in Willow Grove, Pa., found that 28 percent of responding employers had flextime programs, while only 1 percent had four-day, 40-hour workweeks. A 1985 survey conducted by Goodmeasure, Inc., for the AMA found that 35 percent of responding employers offered flextime programs, while 15 percent offered some kind of compressed work schedule.

Flexible Schedules

In an October 1985 address to the AFL-CIO's biennial convention, U.S. Secretary of Labor William Brock advocated the adoption by private industry of flextime programs whereby employees can set their own daily schedules for beginning and ending work.

Brock said that flextime – widely used in the federal government – can help parents reconcile "their simultaneous and often conflicting roles as workers and child tenders."

Child care needs are one of many factors said to be behind the increasing acceptance of flextime. Others range from employee eagerness to avoid rush-hour traffic, to management desires to staff some positions outside normal working hours in order to better serve customers.

According to data from the Bureau of Labor Statistics, flexible scheduling was available to 13.6 percent of the workforce as of May 1985. AMS surveys conducted in 1977, 1981, and 1986 have shown a steady increase in the number of firms with flextime programs. In 1977, 15 percent of survey respondents offered such programs. That number jumped to 22 percent in 1981 and 28 percent in 1986. Of the firms with flextime programs surveyed by AMA in 1985, half said their programs were adopted within the last five years.

Limitations on Flextime

Despite the sharp rise in the numbers of flextime programs, however, significant numbers of workers are not permitted to make use of flexible scheduling due to eligibility restrictions limiting program participation to certain employee classifications. The 1986 AMS survey found that 58 percent of the firms with flextime applied it only to certain departments. In the AMA survey, only 49 percent of firms with flextime offered the program to hourly workers, while 74 percent offered it to professional/technical employees.

In addition, most Flextime programs establish "core hours" during which all employees must be at work, and these can be quite restrictive. The 1986 AMS survey found that 48 percent of firms with flextime programs specified seven core hours beginning at either 8. a.m. or 9

Copyright 1988
The Bureau of National Affairs, Inc.

a.m. Another 25 percent specified eight-hour cores beginning at 8 a.m. or 9 a.m. Ten percent set core hours beginning at 8 a.m. and ending at 5 p.m.; an AMS spokesman was unable to explain how a nine-hour core could be part of a flextime program. Only 17 percent of the firms with flextime programs had core work periods of fewer than seven hours.

The AMS survey also found that 62 percent of the firms required employees on flextime to remain on set schedules for a week or longer.

Employer Advantages

Richard Kopelman, professor of management at New York City's Baruch College, identified a number of employer advantages in an article appearing in the Spring 1986 issue of *National Productivity Review*. Among these advantages are flextime's potential for:

- Increased employee productivity, because employees are working when they want to work, rather than when they have to;
- Improved customer service, due to extended hours of operations;
- Reduced sick leave and personal leave because "employees need not have 'imaginary illnesses' in order to handle personal matters" during working hours; and
- Expanded employee skills, since employees must cover for other workers on different schedules.

Reporting on a 1985 survey of flextime's effect on white collar clerical workers at 300 firms, the American Management Association said that flextime improved productivity and morale. AMA noted the following:

- Although the majority of the responding companies reported no change in work volume under flextime, all experienced improvements in work quality.
- Flextime scheduling led to a decrease in employee tardiness in banks, insurance firms, and public utilities. Although absenteeism did not decline to the same extent, all three industries noted marked improvements in this area.
- The amount of overtime was significantly reduced following the introduction of flextime.
- An overwhelming majority of respondents noted greater levels of job satisfaction. Replies indicating negative effects of flextime were infrequent and atypical.

In the 1985 AMA/Goodmeasure survey, covering more than 1,600 employers in a wide range of industries, 62 percent of flextime users rated the strategy as very good or excellent overall. Another 29 percent said flextime was acceptable, or gave mixed reviews. Only 3 percent rated the arrangement unacceptable.

In his 1982 book, *New Work Schedules in Practice: Managing Time in a Changing Society,* Stanley Nollen, professor at Georgetown University's School of Business Administration, wrote that flextime has a generally positive impact on productivity, absence and tardiness, and turnover, based on 13 case studies he conducted.

Nollen said that between one-third and one-half of the businesses he studied had productivity increases ranging between 5 and 15 percent following the introduction of flextime. The others, "with a few exceptions," reported no change. As for absenteeism, Nollen said that one-half to three-quarters of the firms he studied reported reductions ranging from 7 to 50 percent with flextime. "Lateness was virtually eliminated," he wrote. In addition, he noted, some employers reported reduced overtime payments as a result of flextime.

Other studies similarly have pinpointed flextime as having a beneficial impact on absence rates. Kopelman, for example, noted that of 19 studies examining the impact of flextime on absenteeism, 13 identified reductions in absence rates ranging from 3 percent to 50 percent. The other six studies uncovered no change in absenteeism due to flextime.

The effect of flextime on productivity, however, is less clear. Kopelman cited 19 studies conducted between 1976 and 1984 that at-

Copyright 1988
The Bureau of National Affairs, Inc.

tempted to measure the impact of flextime on productivity in a wide range of employment settings. While only one study found a decrease in productivity with flextime, eight indicated that flextime had little or no impact, or that results were inconclusive. The other 10 studies found improvements ranging from a "slightly favorable trend" to a 12 percent productivity gain.

Employer Disadvantages

Kopelman cited a number of flextime's potential disadvantages for employers. They included:

- Inadequate staffing during non-core hours;
- Increased problems in employee communication, scheduling of meetings, and general coordination of work among employees on different schedules; and
- Customer service problems, resulting from employees being on unusual work schedules.

The AMS survey respondents echoed these complaints, with many adding that flextime created periods of inadequate supervision and caused occasional problems in locating employees. A number of firms said the programs were plagued by employee abuse or by difficulty in keeping track of accumulated employee hours.

In his book, Nollen wrote that flextime had generally negative effects on supervision, timekeeping, scheduling, coverage, and communication at the firms he studied. In addition, he reported that problems can develop in "knowing which employees, doing what kinds of jobs, can or cannot use flextime, and dealing with the equity consequences."

Employees Like Flextime

While there is considerable evidence, that the benefits to employers may be balanced or even outweighed by the disadvantages of flextime, employees appear to see few drawbacks to flexible scheduling.

Several surveys of employees in the public sector have found widespread acceptance of flextime. In one poll of U.S. government employees, three out of four said they liked flexible working hours.

Overwhelming approval of flextime also was voiced by New York State employees surveyed by Jean B. McGuire, professor at the University of Massachusetts at Amherst, and Joseph Liro, a former University of Massachusetts professor now with the New York State Financial Control Board. The researchers also found, however, that large majorities of employees voiced approval of whatever work schedule they happened to be on, whether or not it provided for flexible hours.

The study focused on 274 New York state employees. Some workers were on flextime schedules, some were on a less flexible "staggered start" program, and still others on a strict 9 a.m. to 5 p.m. schedule.

Large majorities of all three groups said they enjoyed their work schedules, but 84 percent of the flextime employees approved of their schedule -- the highest approval rating. Only 7 percent of employees on flextime said they disliked their schedules, compared to 9 percent on staggered schedules and 14 percent of employees on fixed schedules. The survey results were reported in the Spring 1986 issue of *Public Personnel Management.*

Kopelman, in the *National Productivity Review* article, cited a number of advantages flextime offers employees. Chief among these was flextime's ability to "minimize[e] stresses resulting from work-nonwork conflicts." For example, reduced travel time to and from work can be an advantage to employees, Kopelman noted, observing, nonetheless, that persons dependent on public transportation may not be able to take advantage of the programs due to poor non-rush hour service.

Unions Somewhat Skeptical

Unions are somewhat skeptical about alternative work schedules, including flextime. Jack Golodner, director of the AFL-CIO's Department for Professional Employees, noted a num-

Copyright 1988
The Bureau of National Affairs, Inc.

ber of reasons unions have been wary of alternative work schedules, including the fear that the workday may be extended, that some programs are not truly voluntary, and that the opportunities for overtime pay may disappear. On the other hand, Golodner said, "when ground rules which address these concerns have been set forth in contracts, a number of programs developed jointly by management and unions have worked successfully."

The American Federation of State, County and Municipal Employees, in a 1983 report on alternative work patterns, was generally supportive of flextime. But, the report warned of drawbacks. Among them were the threat that overtime pay for time worked in excess of eight hours a day or 40 hours a week would be lost, and the danger that flextime "may open up jobs for more part-timers who may not be covered by the union contract."

Compressed Workweeks

For most workers, three-day weekends are few and far between. In an effort to create longer weekends, some employers have implemented four-day workweeks. Other companies, primarily industrial firms, compress the workweek by scheduling employees in 12-hour shifts, thereby allowing alternating three- and four-day weekends. Still other employers, including the federal government, have used a hybrid of regular and compressed work scheduling known as 5-4-9 scheduling, in which employees work five nine-hour days one week and four nine-hour days the next.

Use of compressed workweeks by employers is relatively rare. The 1986 AMS survey found that only 1 percent of responding firms used four-day, 40-hour workweeks. The 1985 AMA/Goodmeasure survey revealed that while 15 percent of respondents used compressed workweeks of one kind or another, few of these were implemented company-wide.

The AMA survey showed compressed work scheduling is most common among three industries: entertainment or recreation services (with 42 percent of all employers in this category using compressed scheduling); health care (31 percent); and government (29 percent). In other industries, far lower percentages of employers used compressed workweeks.

In his book on work schedules, Georgetown University professor Nollen cited a number of reasons that may explain both the limited use of compressed workweeks and the mixed productivity record of such programs. Based on case studies and previous surveys, he wrote, there is evidence of modest improvement in absenteeism rates and reductions in turnover, but some firms report increased overtime costs.

A number of firms have experienced more efficient use of equipment and facilities, Nollen added. But the record is mixed when it comes to scheduling, coverage, and communication. Supervision appears to be more diffcult, although recruiting appears to be enhanced.

Nollen also noted that compressed scheduling has met, at best, with mixed reviews from employees. For example, the programs seem to improve morale for most workers. Yet the long workdays take a toll on family life, and women and older workers tend to dislike the schedules.

In addition, increased employee fatigue appears to be a common problem. Nollen told BNA that in a 1978 survey he conducted of 148 companies using compressed workweeks, 53 percent of the respondents said that employee fatigue increased under compressed scheduling.

One employer that offered a compressed work schedule was the Associated Press. Under the one-year contract between AP and the Wire Service Guild that expired Nov. 30, 1986, employees had the option of working the 37.5-hour week in four days. The agreement stipulated that overtime be paid for any work in excess of 9.5 hours per day.

In a side letter to the contract, AP stated that while it would make "every attempt" to schedule in succession the three days off due each week to participating employees, it was under no obligation to do so. The side letter

Copyright 1988
The Bureau of National Affairs, Inc.

stipulated that the arrangement may be canceled at any time by either the Guild or AP.

V-Time

V-time – voluntary reduced work-time – is a flexible work schedule combining elements of fulltime flextime, part-time work, and worksharing. Under V-time arrangements, full-time employees volunteer to reduce both their work hours and their pay. In the process, observed Barney Olmsted, co-director of New Ways to Work, employees gain time for themselves while the employer reduces labor costs.

Olmsted traced the origin of V-time to the mid-1970s and an innovative contract negotiated between Service Employees International Union (SEIU) Local 715 and the county of Santa Clara, Calif. Since then, V-Time programs have been adopted by the California and New York state governments and by an unknown but small number of private sector firms.

Under a formal V-time program as defined by New Ways to Work, employees can choose among several alternative ways to reduce pay and hours. Cuts range from a few hours to 15 or 20 hours a week, but employees must sign up for a specified term of V-time. All employee benefits are maintained, although some, like vacations, may be prorated. Supervisors must approve each employee's V-time schedule.

New Ways to Work sees the experience of the Santa Clara County Public Nursing Service as illustrating the value of V-time. During a budget crunch, the nursing service tried to reduce its costs by 10 percent – $409,000 – through instituting V-time. The program was widely publicized and met its goal, sparing a number of employees from layoffs.

Olmsted advocates V-time as an alternative to both layoffs and the use of traditional low-cost part-time employees. By using V-time during a business downturn, employers can staff their operations with top quality, experienced employees when business improves, she said.

New York State Program

V-time was first introduced for New York state employees in 1984. The program for 50,000 professional employees is subject to union negotiations. The contract between the state and the Public Employees Federation expired March 31, 1988. While negotiations are underway, state agencies are continuing the program for current participants, but they are not enrolling new members, according to Carol Schlageter, public relations spokeswoman. The same benefits as under the earlier program will be maintained until a new contract is signed. The program also applies to 14,000 management employees. The management program has been extended through March 31, 1990.

State managerial and professional employees are eligible to reduce their work schedules by 5 to 30 percent while receiving a corresponding reduction in pay. Health, leave, and pension benefits are retained, although one benefit – inconvenience pay – is reduced, said PEF aide Bernie Mulligan. He also said retirement benefits could be reduced if the V-time program were used during one's final three years of employment, due to reduced income.

Thomas F. Hartnett, former director of the Governor's Office of Employee Relations, said the program saved New York State $4 million by 1986, increased management flexibility, and improved the state's ability to recruit and retain qualified employees.

Currently, 1,200 employees participate in the program; 1,000 are from the professional, scientific and technical unit, and the remainder are management, Schlageter said. In 1985-86, 1,000 state employees took part in the program. Two-thirds of the participants were women, and most chose work time reductions of between 10 and 20 percent. Agency approval is required for participation in the program and is based on such factors as workload and program priorities.

Copyright 1988
The Bureau of National Affairs, Inc.

Case Study

Transamerica Life Companies

While many companies have only recently begun to respond to changes in the demographics of the American workforce – and corresponding developments in the area of workers' needs – Transamerica Life Companies saw the changes on the horizon and began adjusting as early as 1973, according to Sandie Comrie, the company's vice president for human resources.

At the request of management, Transamerica that year instituted a pilot flextime program. The pilot program was set up in several of the company's home office departments as well as its Canadian headquarters.

Three issues prompted the establishment of the pilot program, Comrie said. Flextime was seen as a recruiting incentive, a way to deal with traffic congestion and parking problems, and a way for employees to gain control over their work time and solve their child care problems.

Feedback on the pilot program was positive, said Comrie, who added that most of the company's 3,200 Los Angeles-area workers now participate in flextime scheduling at some time during the year. Two-thirds of the participants are women, she said. Transamerica has some 30 branch offices and, Comrie said, most – but not all – have adopted flextime programs.

The flextime schedules are worked out between workers and department managers on a one-on-one, case-by-case basis. Final decision on the arrangement lies with the employee's manager, and there is no appeal process in cases where flextime is denied. Managers applying for the program must receive approval from their supervisor, according to Comrie.

At corporate headquarters, Comrie estimated that 80 percent of the workforce have jobs that could accommodate flextime. The other 20 percent have jobs requiring standard hours, such as some positions within the firm's computer system. Over the course of a year, Comrie noted, about 90 percent of eligible employees will use flextime at some point, whether to take a course, meet child-rearing responsibilities, or pursue other personal goals.

"The flextime benefit helps many of our employees who are parents. For example, we have one employee in public relations who is able to adjust her work schedule to drop off and pick up her child before and after school." The school also had an extended hours day care program, which helped the employee. But Comrie added, "Without flextime, she would need to hire a babysitter for either the beginning or the end of the day. Flextime means cost savings for this employee, as well as peace of mind about her child's safety."

Specifically, the flextime program allows employees to begin work at various times between 7:00 a.m. and 9:00 a.m. Lunch breaks can be as short as 30 minutes or as long as 60 minutes, depending on how early an employee wants to leave. Between Memorial Day to Labor Day, the company also allows for "early Fridays" – employees work only five and one-half hours on those days.

"While the program is flexible," said Comrie, "most people choose a personal schedule and stick to it. During the core hours of nine to three, everyone is here."

Copyright 1988
The Bureau of National Affairs, Inc.

Case Study

SmithKline Beckman Corp.

For more than a decade, SmithKline Beckman Corp. has offered a flexible working schedule to the majority of employees at its headquarters in Philadelphia, Pa. With approval from their supervisors, employees can start their sevep-hour workday any time between 7:30 a.m. and 9:15 a.m. and leave any time between 3 p.m. and 6 p.m., with two restrictions: they must be on the job a minimum of five-and-one-half hours during the company's "core" workday, 9:15 a.m. to 3 p.m., and they must work a five-day week. The company calls its program "flexitime."

"We have always been very pleased with the program," stressed Jeremy Heymsfeld, director of corporate information for the international pharmaceutical firm. "Flexitime applies to most of [the 6,000 employees in the company's] Philadelphia-based operations," Heymsfeld said. The 1,000 SmithKline Beckman employees in local manufacturing operations, which require standard hours of operation, are not offered the Flexitime option.

"We have found it helpful in terms of morale and reduced lateness and absenteeism," as well as in improved productivity, Heymsfeld said. "It has a positive effect in all those regards." Specifically, the program helps employees work out time conflicts between work and family responsibilities, he explained.

Day-Care Link

"It sure does," agreed Eileen Harding, a personnel department secretary who arranges her work schedule to coincide with opening and closing times of her daughter's day care center. "She can't get day care before 7:30 a.m. and she has to be picked up before 5:30 p.m.," Harding explained. "As long as you have your supervisor's agreement, you can set up hours that fit your supervisor's needs as well as your own," said Harding.

Harding said flexitime is especially helpful to her because her husband, a personnel manager for another Philadelphia company, has fixed working hours of 8 a.m. to 5 p.m. That means that she frequently has to both drop off and pick up her daughter at the day care center.

The firm does not keep figures on how many employees take advantage of the flexitime option, but Harding said the program is used extensively in her department of 70 employees. "It's gotten to the point where the supervisor has to have somebody assigned to watch the phones after 4:30 p.m.," she pointed out.

Harding has used flexitime ever since returning to work after the birth of her daughter. She formerly also took advantage of another SmithKline program, a van pool that helps employees exercise their flexitime option of coming to work early and leaving early. The company leases the vans, which run at various times between company facilities and certain neighborhoods. Employees pay for the service through payroll deductions.

Other employees who live farther away from their jobs at SmithKline facilities use flexitime to avoid rush-hour traffic. "A lot of people coordinate their schedule to avoid peak [traffic] hours," Harding reported. Another "big reason" for using flexitime is school, she added. "A lot of people go to school at night...I think people are very pleased with it."

Copyright 1988
The Bureau of National Affairs, Inc.

PEAK TIME

Stuart Mahlin set up the first peak-time program in March 1983 when he was vice president of personnel for Provident Bank of Cincinnati.

Under that program, described in a separate case study, people are hired to work only during high-volume periods – from a few hours to 25 hours a week. For example, a bank's workload may be heaviest at lunch hours and on Friday afternoons, and some peak-time employees might be hired to only work during those hours.

But unlike regular part-time workers, peak-time employees are paid premium wages, more than the average full-time wage paid for the same position. The exact wage is based primarily on how many hours the peak-timers work; the fewer hours worked, the higher the hourly wage. According to Mahlin, the system has allowed banks to correlate the size of their workforce at a given time to work demand, while simultaneously attracting top quality employees willing – even eager – to work part-time.

Since it takes as much effort to get in to work for two hours as it does for eight, said Mahlin, the premium wage incentive of peak time makes "real sense to people" who otherwise might not consider part-time work worthwhile. Mahlin, who is now a consultant to firms interested in adapting the concept to their organizations, said peak-time hourly pay rates range from $6.50 to $12 nationwide, but generally average around $8 – enough to attract some professionals to part-time employment. The conventional part-time employment scheme that pays minimum wage "doesn't make sense" to former professionals, who would prefer volunteering their time to working for such low pay, he explained.

"If you need, or already employ, or want more part-time employees, you need peak-time pay," Mahlin declared. "It is the quality and skill level of these people that make peak-time programs so successful." According to Mahlin, "people must change the image they have of part-time employees – low pay, no benefits, and crappy hours" – and realize the benefits of the peak-time concept.

Reaching Untapped Labor Resources

Mahlin believes that peak time allows employers to reach a largely untapped, yet talented, segment of the labor force, those individuals uninterested in regular part-time employment yet unwilling or unable to work full time.

Mahlin's prime example of this type of individual is the traditional suburban homemaker: a well-educated, responsible woman who, in Mahlin's view, has limited interest in either full-time or conventional low-wage part-time employment. For a premium wage, however, these individuals can be coaxed into the labor force. In addition to housewives, Mahlin sees his program appealing to retirees, divorcees, and other individuals who wish to augment their incomes, but who are not interested in conventional employment options.

Peak-timers receive no benefits, but, according to Mahlin, this is of limited concern to the peak-time workforce. "Offering benefits would be redundant," he maintained. Housewives generally are insured by their husbands' benefit plans. Moreover, Mahlin said, women who are already working on a part-time basis want the additional cash flow, not benefits.

Terming peak-time "a full-time solution to the part-time problem," Mahlin said that this type of program drastically reduces turnover among part-time employees, thereby cutting training costs while encouraging workforce continuity. A 65-branch bank in Connecticut, for instance, saved $1.2 million its first peak-time year, he claimed.

Copyright 1988
The Bureau of National Affairs, Inc.

'More Efficient' Workers

The quality of peak-time work is high, said Mahlin. "Because they come to the job fresher," peak-time workers are often faster and more efficient. In addition, banks have found that customers in their 30s, 40s, and 50s respond positively to tellers closer to their own ages who project a confident, polished air, he said.

The changing composition of society – in particular, the shrinking pool of very young workers and the growing surplus of workers in the 50- to 60-year-old age bracket – has made part-time work one of the major trends of the 1980s, said Mahlin. Furthermore, as the workweek's parameters continue to change, employers are realizing "there's a much larger potential part-time workforce out there," he declared.

While peak time has been primarily embraced by the banking industry – "simply because that's where it started" – it is being introduced into the retailing, computer programming, accounting, collections, and airline industries as more companies realize the benefits of scheduling additional workers during peak periods, Mahlin explained. Other employers considering adopting peak-time employment programs include hospitals, department stores, and publishers. In one year, Mahlin said, he has worked on peak-time programs with firms in 40 states and Canada. He found that many of the problems employers face are "generic." Basically, most need to alter their perception of part-time employees, he explained. "They need to realize quality people can be attracted, and retained, in targeted staffing positions, if the hours and the pay are right."

Fewer Hours, Higher Pay

When Mahlin embarks on setting up a peak-time program, one of his first duties is to establish a matrix determining hourly wages. The lowest peak-time hourly wage rate, paid to peak-timers working 25 hours each week, is somewhat higher than the average wage paid to full-time employees doing the same work. From that point, the hourly wage rate gradually increases as the total weekly hours of work decrease, with the highest per-hour wages going to those peak-timers working the fewest hours each week. At some point below 10 hours per week, the per-hour wage required to attract employees becomes too high to be economically justified, Mahlin said.

The pay scale is also adjusted to pay premium wages to those peak-time employees willing to work their limited hours over the greatest number of days. For example, an employee putting in 12 hours of work over four days will be paid a higher hourly wage than one working 12 hours in three days, Mahlin said. Mahlin observed that peak-time pay is not affected by such complicating factors as seniority and experience levels.

Growth of Peak Time

According to Mahlin, peak time has "broken a lot of ground." The change in the workplace is evident, he said. Now, there are bank tellers being paid $12 per hour in some establishments, and clericals whose pay rates have risen into white collar salary ranges.

A recent survey of 124 peak-time employers conducted by Charles, Stuart & Associates, Mahlin's consulting firm, found 70 percent feel this employment strategy is reducing costs and turnover, while increasing the quality of job applicants. Among this sample, all banks and savings associations, 73 percent call their program "peak-time"; 16 percent use the second most popular tag, "prime-time." Other popular names are "premium-time," "preferred-time," and "rite-time."

Although most peak-time positions are still teller jobs, 30 percent of the respondents said they have created peak-time openings in other clerical categories, such as data entry, customer service, personnel records, and word processing. Rather than setting flat hourly or daily pay rates, 88 percent prefer a peak-time pay matrix; pay rates range from $6.50 to $12.70 per hour for various work schedules, with a 15-to-17-hour schedule typically paying $8.00 to $8.70 per hour.

Copyright 1988
The Bureau of National Affairs, Inc.

Concerns About Peak Time

The five-year-old peak-time concept has attracted relatively little attention from labor unions or public policy specialists. However, AFL-CIO economist John Zalusky contended that the approach suffers from many of the weaknesses inherent in part-time work.

Anne Ladky, executive director of Women Employed, a Chicago-based group, said that she was not familiar with the peak-time concept, but added that her group is generally supportive of experiments that seek to make part-time work more appealing to both employers and employees. The appeal of such an approach to managers is obvious, and employees would welcome the higher wages, she said.

However, Ladky added, the concept suffers from a major weakness: lack of benefits. Poor wages are one reason that talented women avoid part-time work, she said, but another is that few part-time jobs provide even prorated benefits. "To say that there is a pool of labor that doesn't need benefits is not true," she said.

As for Mahlin's assertion that many peak-timers are covered by their husbands' benefit plans, Ladky observed that such coverage cannot provide vacations or sick leave – essential benefits, in Ladky's view. Moreover, she said, if Mahlin is correct in his assertion, most peak-timers would use their husbands' benefit plans even if banks offered a limited health plan. "If they don't need benefits, they won't be using them," she commented.

Ladky said that employers should, at a minimum, allow part-time employees to purchase coverage through the company health plan.

Case Study

Provident Bank of Cincinnati

"Paying people what they're worth when you need them most" is the rationale for peak time, a pioneering part-time employment strategy introduced by the Provident Bank of Cincinnati in March 1983.

Under the peak-time strategy, which was conceived by Stuart Mahlin, then Provident's vice president for personnel, part-time employees who work during the bank's busiest hours are paid higher hourly rates than those who work during the remaining bank hours.

A substantial amount of take-home pay combined with limited working hours has attracted more mature, better-educated applicants – among them, many early retirees and mothers seeking to reenter the labor force – for Provident's teller openings, Mahlin told BNA.

According to Mahlin, when it first adopted the peak-time program, Provident offered all of its full-time tellers peak-time positions. Only a "tiny number" accepted. As many of the full-time teller positions were phased out, those who did not accept peak-time positions were offered other jobs at the bank, Mahlin said; some simply quit.

Provident's ability to rearrange its workforce and "preserve job opportunities" was a triumph in the early years of the program. The banking industry as a whole was laying off tellers during the 1982-83 recession, Mahlin noted.

Most of the original peak-timers came from a help wanted advertisement, which Mahlin said generated an "incredible response."

Copyright 1988
The Bureau of National Affairs, Inc.

Better Employees

At the Provident Bank, peak time has been very successful. Compared to the bank's previous record with teller hiring, the peak-time openings attracted better-qualified applicants, according to former personnel representative June Waddell, who used to hire all of the bank's tellers. Once hired, there was lower turnover, she said. This is still true today, according to Paula Woerner, the current personnel representative for the branch system.

Provident Bank has 850 employees altogether, 224 of whom are bank tellers. According to Woerner, 95 of these tellers are regular, full-time tellers, while 129 are "peakers."

The ratio of peak-time to full-time tellers varies among Provident's branch locations. For example, at some suburban branches, all tellers are peak-time tellers. The use of peak-timers at Provident is so widespread that none of the branches are staffed exclusively by full-time tellers.

Fewer Benefits, More Pay

Peak-time positions pay between $7.25 per hour to $7.50 per hour, depending on the number of hours worked per day and the number of days worked per week, Woerner told BNA. Peak-timers work from a minimum of eight hours per week to a maximum of 29 hours per week. Based on the pay scale that Mahlin set up at Provident, those peak-timers who work the fewest hours per week get the highest hourly wage.

Since March 23, 1988, the bank offers only two rates of pay to peak-timers. Tellers working an average of less than five hours per day are paid $7.50 per hour. Tellers working an average of 5.25 or more hours per day are paid $7.25 per hour. This is a decrease from the six rates of pay ranging from $7.25 per hour to $8.72 per hour that had been offered to peak-timers since June 1987, Woerner said.

Peak-timers are paid a higher hourly wage than full-time tellers, said Woerner. The regular full-time tellers, however, receive a standard benefits package that includes general health care, vacation days, sick days, retirement funds, and tuition assistance. Waddell said that the lack of benefits for peak-timers was a contributing factor in the reluctance of full-time tellers to switch to peak time.

Yet, at the same time the bank reduced its peak-timer pay rate, it introduced a new tuition reimbursement program, Woerner said. Both regular tellers and peak-timers are eligible to be reimbursed for courses they complete through the American Institute of Banking. Up to 100 percent of tuition expenses are paid by the bank depending on the grade the teller received upon completion of the course. Woerner told BNA the tuition reimbursement program was an "added benefit that we saw as motivation (for all the tellers) to take classes – and an advantage to us."

Most of Provident's peak-timers are mothers re-entering the workforce. Peak-time scheduling fits their lifestyle, but does not infringe upon familial duties. "It allows them to be in the adult world for a while," according to Waddell.

No attempt to adapt other jobs at Provident to the peak-time schedule has been made, Woerner told BNA.

Copyright 1988
The Bureau of National Affairs, Inc.

JOB SHARING

When two or more employees assume responsibility for one full-time job, job sharing is taking place.

On an ad hoc basis, job sharing may be as old as employment itself. But in recent years, formal programs have become increasingly common. A 1986 survey by the Administrative Management Society, of Willow Grove, Pa., found that 16 percent of responding U.S. employers allowed job sharing, up from 11 percent in a similar 1981 survey.

A 1985 survey conducted for the American Management Association by Goodmeasure, Inc., found job sharing being used by 11 percent of employers, but that survey also indicated significant growth in the number of firms using job sharing. More than half the user firms responding to the AMA/Goodmeasure survey said that job sharing had been in place for less than five years.

Why job sharing? There are several basic reasons, according to advocates and observers. Chief among them is the desire to balance work and family responsibilities. From the perspective of an employee with major child rearing responsibilities but also with a need to generate income, job sharing can be a way to preserve a career while increasing non-work hours – although it may be difficult to advance a career during job sharing.

For employers, the program may offer a way to accommodate family problems with minimal disruption of (or even benefit to) work by decreasing absenteeism, tardiness, and productivity problems that may be caused by family responsibilities. However, job sharing may pose some of the same management difficulties that surround any part-time work, including determining new pay and benefit levels, seniority and vacation status, holiday pay, and dealing with the potential for higher Social Security tax burdens.

Two or More Share One Job

Job sharing can take many forms, said Barney Olmsted, co-director of New Ways to Work, a San Francisco-based resource group on alternative work patterns such as job sharing. While two persons sharing a full-time job may be the most common form of job sharing, such arrangements could be built around three or more employees. The key to success, Olmsted said, is effective organization and coordination of the work.

Structurally, what separates job sharing from regular part-time work is the conscious attempt to merge the efforts of two or more workers into one job. Ideally, the employees in a job-sharing team are interchangeable. Partly for this reason, some employers have chosen to limit job sharing to fairly routine tasks.

Where more sophisticated job duties are involved, the design of job-sharing programs, and the personal and professional qualities of the job sharers, become central concerns. Some job sharers in professional capacities report that they have to go the extra mile. According to two government budget analysts who share a job, their partnership requires each of the pair to be on-call when off duty, and to keep an especially neat and organized work area.

According to the AMA/Goodmeasure survey findings, job sharing is most likely to be offered to clerical or hourly workers. Of the user firms, 65 percent made the option available to clerical/secretarial staff, 46 percent to hourly workers. Just over a quarter offered the program to professional/technical staff, 15 percent to supervisors, 9 percent to middle managers and 5 percent to senior managers.

The survey also found wide variances in the extent of job sharing among various industries. For example, within each industry classification

Copyright 1988
The Bureau of National Affairs, Inc.

the program was offered by the following percentages of responding firms:

- Construction; 4 percent;
- Wholesale/retail trade: 5 percent;
- Finance, insurance, real estate: 12 percent;
- Medical/health care: 21 percent;
- Education: 22 percent; and
- Government: 26 percent.

Mixed Reviews from Unions

Job sharing has met with somewhat mixed reviews from labor unions, although some health care unions have bargained for job sharing. But job sharing received a critical review from Gene Errington, research representative with the Canadian Union of Public Employees. In a 1985 CUPE article later printed in *Labor Notes*, a Detroit-based labor union newsletter, Errington warned that job sharing may simply turn full-time jobs into part-time jobs, that shared jobs can be devalued, that job sharers may not be able to return to full-time jobs when they wish to do so.

Responding to the article, Barbara Moorman, labor program manager with New Ways to Work, challenged unions to ensure that job sharers' rights are preserved. "One of job sharing's greatest advantages is that it upgrades part-time work by providing benefits and higher pay," Moorman insisted.

Moorman said that unions have an important role to play in policing job sharing. Common problems, she said, include management arbitrarily ending job-sharing plans or laying off job sharers ahead of full-time employees with less seniority.

Wire Service Experiment

Job sharing has been negotiated in several U.S. labor union contracts. Among these agreements is a side letter to the current contract expiring Nov. 30, 1988, between the Associated Press and the Wire Service Guild that allows two employees to share one job. Under the experimental plan, which can be terminated by either AP or the Guild, job sharers receive prorated wages and benefits.

The program does not obligate AP to find a mate for a sole employee who wishes to share a job. During the experiment, the company will hire a temporary employee to take over the open full-time position created when two full-timers decide to share one job. If the job sharers decide to return to full-time work, the temporary employee will be terminated.

Job sharing has also been negotiated in a contract between Newspaper Guild Local 35 and the Baltimore Sun. In addition, job sharing policies are in place in the state governments of Michigan and New York.

Hospital's Experience

Job sharing has been used extensively at Kettering Medical Center, located in Kettering, Ohio, a suburb of Dayton. In 1983, when 90 of the hospital's 739 nurses were sharing the equivalent of 42 full-time jobs, the hospital surveyed both job-sharing employees and their managers. Among the findings:

- Family/home obligations were the predominant reason given by the nurses for job sharing.
- Almost 80 percent of the job sharers said that the program met all their expectations.
- Seventy-eight percent of managers said the program worked well from a staffing point of view—that job sharing reduced turnover and absenteeism.
- Only a handful of job sharers—8 percent—reported having problems with the program.

Copyright 1988
The Bureau of National Affairs, Inc.

Case Study

Northeast Utilities

Hanging on to employees who fill high-pressure, low-paying positions is a challenge at best. On Connecticut's "Gold Coast," where the average home price exceeds $250,000, finding and retaining such workers can be overwhelming.

In order to attract and keep customer service employees at its Stamford, Conn. plant, Northeast Utilities embarked on a program in 1983 to split up full-time positions among employees. The company found a large pool of potential employees who wanted to work part-time, primarily women who wanted to be home with their children more often than full-time employment allowed, explained Louise Klaber, management development analyst for the utility.

The company had no trouble filing the service positions that require employees to deal with customer problems and angry consumers. At the company's home office in Hartford, the Stamford experiment was reviewed and simply considered "a nice little experiment," Klaber said.

Personal Experience Sheds Light

However, at the same time, NU's director of personnel gave birth and became personally aware of the challenges facing a professional woman with family responsibilites. She realized that in addition to losing customer service representatives, the company was losing some of its most competent professional women who were "unwilling to work 40 hours each week while their children were young." The director, Klaber explained, realized that job sharing was a benefit the company could offer in order to attract and retain qualified people.

In late 1986, a company policy was implemented allowing employees to participate in job sharing when such opportunities become available.

Klaber defined job sharing as two employees voluntarily sharing the work responsibilities of one full-time position. "It is important to differentiate between that and permanent part-time positions," she explained, "although the line is a fine one."

Job sharing is "two employees filling the requirements of one position, rather than just two employees working a combined 40-hour week," Klaber said. All Northeast Utility employees are eligible to apply for job sharing, with the exception of workers covered by collective bargaining agreements and persons in supervisory or managerial positions requiring work leadership, she said. Some 2,600 of the company's 10,000 employees are represented by three locals of the International Brotherhood of Electrical Workers.

The company started a pilot job-sharing program in 1984, but not until a number of fears were addressed by the company. Executives were worried that "everyone would want to job share," Klaber explained, and the company's financial division was worried that the program would be expensive. Supervisors were afraid the program would be difficult to administer and union officials were concerned that the program represented a way to reduce overall employment.

The personnel department agreed to implement the program for a one-year trial with 16 pairs of employees. No changes in benefits were made, and supervisors participated on a volun-

Copyright 1988
The Bureau of National Affairs, Inc.

tary basis. A survey performed at the end of the job sharing program produced "amazing results," Klaber said.

The survey showed that 69 percent of the department heads who participated in the program felt that absenteeism had been reduced among the job sharers, while 80 percent of the participants felt they had been absent less often. Forty-six percent of the supervisors and 60 percent of the participants reported a decline in tardiness. Improved morale was noted by 92 percent of the supervisors. Increased effectiveness, reduced stress, and improved quality of work life were also mentioned by more than half the supervisors.

Only 31 percent of the supervisors said the program increased their workload. When asked whether the program should be continued, 92 percent of the supervisors and 100 percent of the participants said yes.

In December of 1986, a job-sharing policy was approved by the management committee. A cap of 50 pairs was established for the program. Currently 25 pairs are enrolled in the program, and not surprisingly, Klaber says, only three are men.

As of Jan. 1, 1987, job sharers working at least 20 hours per week are provided with health care benefits for themselves, but not for their dependents. Family health care coverage may be purchased by job sharers at the company's group rate. Wages, holidays and vacations, and educational benefits are divided equally among the employees sharing a position.

Jobs can be split in any manner agreeable to both the supervisor and the participants, Klaber said. Employees may alternate weeks, days, months or split the eight-hour work day in half. Or job sharers may divide tasks equally and work at the same time, if the supervisor is amenable. The most common arrangements, Klaber explained, are three days on followed by two off, and then two days on/three off the next week, or two and one-half days each week.

Klaber said the program has cut down on personal time away from the office because dental and other personal appointments are scheduled for off-days. Employees may choose to work full-time when their partner leaves the company or is away on vacation, or simply elect to continue a part-time schedule. Either way, Klaber noted, the job is at least partially covered, cutting down on the need for temporary help.

Job sharing also brings an increased range of experience and skill to each position. Klaber said the program is seen as an opportunity for employees who might want to make use of the program; she portrayed the utility as a "caring company." This is a positive profile for Northeast, which is the parent company of NU Systems, one of the largest utilities in the country and the largest in New England.

Employees are required to develop a method of communication with their partners. Job sharers may choose to leave a system of notes, talk on the phone, or simply work some overlapping hours. Shifting into a job-sharing position requires some adjustment, Klaber explained, and supervisors need a willingness to let employees work out the details.

Klaber said the job-sharing program has shown NU that "if you trust your employees, you will get good value for your dollar." She has also developed a sense that when work needs to be done, job-sharing employees will work beyond their contract to complete tasks.

It was important to Northeast to spell out the provisions of the policy. The company has produced a comprehensive policy and procedures paper, which contains a contract for employees to sign. The packet also includes review material that helps an employee to determine the impact of job sharing on one's lifestyle and to determine whether the position is appropriate for sharing.

Not For Young Mothers Only

Klaber said the program has not only attracted women with young children. Men interested in pursuing their education, and employees approaching retirement age have also enrolled in the program. "Job sharing can

Copyright 1988
The Bureau of National Affairs, Inc.

be a tremendous way to ease into retirement," Klaber explained.

Currently, 80 percent of the job sharers are mothers with young children. The remaining participants are men and older employees. However, some older employees have been hesitant to share their jobs, because their pension is based on their combined salary during the five highest-paid years of their last 10. NU is discussing a possible reform of the pension policy to remove the disincentive, she said.

Job sharing also provides the company with a positive way of managing reductions-in-force if cutbacks in staffing become necessary.

Employees who are interested in job sharing are encouraged to find a partner. If they are unable to locate another person, the job is posted. If no employee applies for the shared position in-house, the company advertises outside.

Former employees, especially women who left to have children, provide a prime source for part-time job sharing, Klaber explained.

Lynn Shea, a user relations coordinator at NU, was encouraged to job share by a previous employer who had since come to work at Northeast. Shea works 20 hours each week. She comes in on Monday and Tuesday and works half a day on Wednesday. She overlaps with Linda Classon on Wednesday when the two share project information. The partners then talk again by phone.

The job entails the administration of monthly rating systems and the publication of a monthly computer-user newsletter. Shea said certain activities have to be done on certain days, providing a natural breakdown of tasks.

Small children are the reason offered by Shea for participating in the job share program. "I wanted to go back to work, but I only wanted to work part-time," Shea said. She arranges for day care two-and-one-half days per week. Shea called the program "great" and said it provides a tremendous amount of flexibility while allowing her to keep up her skills in the workplace. "I have two days a week to do what I want to do," she noted. She admitted it can be frustrating at times to only have two-and-one-half days per week to accomplish a task. And perhaps her biggest problem has been trying to familiarize herself with a new company while only working 20 hours per week. "It's hard to learn a new job when you work part-time."

The Keys to Implementation

Klaber said it is important, as in most employee relations projects, to begin with the support of the chief executive officer and a "powerful advocate in human resources." One of the initial problems the company faced was the lack of a driving force for the program, she said. The desire for the program came from below, she said.

NU engaged an experienced consultant to represent the program to management and conducted an "extensive information campaign at the vice president/director level." Meetings were held with supervisors and potential job sharers and the pilot program was conducted to guide support and "diffuse" opposition, she noted.

The initial program coordinators underestimated the extent of resistance to the program at all levels of the organization and missed some key opinion makers who "could and did create resistance." Klaber said it was also difficult getting the program organized. Klaber said the decision on whether to allow job sharing should not have been left up to the supervisor and said the results of the pilot study should have been more widely publicized.

Klaber said the supervisors and participants in the program, along with the company managers, have been pleased with the results. In addition to increased productivity and reduced use of sick leave and personal time, the company has reported a decline in employee turnover and an increase in employee morale and autonomy.

Copyright 1988
The Bureau of National Affairs, Inc.

When there are more workers on hand than work to be done, many employers have traditionally turned to layoffs. Layoffs produce the desired result – reduced payroll expenses – but not without human, managerial, and economic costs.

Layoffs are hard on employee morale and can easily discourage and embitter workers who lose their jobs. Temporary layoffs prompt workers to look for new jobs, in part because they are required to hunt for work in order to qualify for unemployment compensation. When work levels increase, some desired employees may not return.

Programs in States

In an effort to alleviate problems associated with layoffs, at least 11 states had adopted "worksharing" programs by 1986, also known as short-time compensation (STC). Under STC, employers are encouraged to reduce the length of the workweek, rather than the size of their workforce, to compensate for temporary business slowdowns. States that had adopted worksharing programs by 1986 included California, Arizona, Florida, Oregon, Washington, Illinois, Louisiana, Maryland, New York, Texas, and Vermont.

Essentially, the programs work as follows: a company with 1,000 employees is facing a 20 percent reduction in business. It could lay off 200 workers. But under worksharing, the company could trim every employee's workweek by 20 percent – one day – and produce the same reduction in person-hours. In addition to their regular paycheck, reduced by 20 percent, employees receive 20 percent of the normal weekly unemployment compensation payment, thereby minimizing income losses. (The programs exempt employees on STC from job-search requirements.)

By keeping all workers on the job, worksharing offers a number of advantages, according to a variety of observers. These advantages include:

- Reduced employee turnover;
- Preservation of affirmative action profiles (assuming "last-hired, first-fired" layoffs would affect female or minority employees disproportionately); and
- Improved employee morale.

Reasons like these helped to bring worksharing to the United States in 1978, when California adopted the first program in the country. Similar programs had been operating in West Germany for many years.

Lukewarm Reception

While the concept appears to be highly appealing, it has received a generally lukewarm reception from American employers. This fact was documented in a study, prepared in December 1985 by Mathematica Policy Research, Inc., of Princeton, N.J., for the U.S. Department of Labor. The paper examined STC programs in the three states with the longest STC experiences.

The "participation rate in short-time compensation was very low: generally less than 1 percent of all employers in the sample states participated at any one time," the report said. The Mathematica study also found that while STC reduced the number of layoffs somewhat, even the few firms employing the practice also made use of layoffs, and did so quite extensively.

If the program offers so many advantages, why is it used so little? One reason is that the programs are designed to cover only short-term downturns in demand.

Tax Problems, Marketing Gaps

In addition, there may be adverse business tax effects. Like layoffs, worksharing can in-

Copyright 1988
The Bureau of National Affairs, Inc.

crease firms' unemployment insurance rates. Moreover, according to the Mathematica study, worksharing may drive the rates up higher than layoffs, in part because STC "encourages more compensated unemployment than would have occurred under a layoff-only strategy." In addition, because senior as well as junior employees tap into unemployment insurance funds under STC, the average benefit pay-out is higher — and more costly to the employer.

Some observers believe that states have failed to publicize worksharing programs effectively. *A Report on a Survey of State Worksharing Programs,* released in June 1986 and written by Ronald Adler of Laurdan Associates, of Bethesda, Md., and Robert Hitlin of Robert Hitlin Research Associates, of Falls Church, Va., said that the low participation rate may be due to the limited efforts of most states to "market" these programs.

It appears, the authors wrote, that the state agencies generally have not adopted a marketing orientation aimed at achieving program participation. "Responses concerning marketing activity ranged from 'none' to 'information available upon request' to the use of brochures, press releases, newsletters, and seminars," they said. The study, based on a survey of state unemployment officials, was conducted for the National Foundation for Unemployment Compensation and Workers' Compensation.

Labor View

The worksharing concept was endorsed in 1981 by the AFL-CIO Executive Council. But John Zalusky, an economist with the federation, said in a paper presented to the Industrial Relations Research Association in December 1985 that it should come as no surprise that few employers use the STC programs as they are structured today.

"The basic options to the employer are not worksharing versus layoffs," he declared. The real options, he said, involve many choices: tactics that might raise unemployment insurance rates (including both layoffs and worksharing) versus what Zalusky called the "least cost" strategies (reduced workweeks, rotating crews, temporary plant shutdowns, or requiring employees to use earned vacation time), "all of which avoid adverse unemployment insurance ratings and increased costs."

Zalusky suggested that worksharing programs be modified so that employees could receive STC benefits "anytime the workweek is reduced for lack of work. Absent this," he said, "worksharing will be used by only a few forward-looking employers, willing to sign up for the program and then [only] after they have laid off the more easily replaced workers."

Case Study

View-Master Ideal Group, Inc.

The employees loved it, but management had second thoughts.

Such was the conclusion after a year's experience with Oregon's Workshare program at View-Master Ideal Group, Inc., a Portland-based toy manufacturer most famous for producing its namesake, a children's slide disc viewer. View-Master utilized the state's new Workshare program from March 1985 to March

Copyright 1988
The Bureau of National Affairs, Inc.

1986 to help cushion the impact of a business downturn.

Today business has markedly improved, and the company is hiring new workers. The workforce has doubled in the last two years to accommodate increased production. View-Master probably will not use Workshare again, however, even in the face of another downturn, said Dan Nottage, vice president for personnel. While Workshare was popular with employees, it nearly doubled the company's unemployment tax rate. In 1985, the company's unemployment rate was 2.3 percent; in 1986 that figure increased to 4.1 percent; by 1987 the rate fell to 3.6 percent. Moreover, the documentation involved boosted the personnel department's work load by 10 to 20 percent.

Workshare Provisions

Employers in Oregon's Workshare plan can reduce workweeks from 20 to 40 percent for a one-year period. Each participant can receive a maximum of 26 weeks of Workshare benefits. The plan can last up to one year. Employees receive a prorated percentage of pay from the company and full fringe benefits as well. In addition, they receive a Workshare benefit, paid by the state unemployment insurance fund, that is a corresponding percentage of unemployment compensation.

A total of 360 companies have used the state's Workshare plan since its inception in 1982. Eight plans are active now, said Hale Thornburgh, supervisor of the adjustment unit at the Employment Division in Salem, the state capital. Maximum weekly unemployment benefits are $222 per week; the maximum an employee draws as a Workshare benefit is about $88 per week, given a 40 percent reduction in work hours.

Employees Like Workshare

View-Master's experience with Workshare began in early 1985 when the company looked at the year's bleak sales prospects. Most of the company's 350 Portland employees had been with the firm for years, so management wanted to avoid layoffs. The Workshare program was explained to employees at the nonunion plant, "and they could see our problem," Nottage said. "It was well-received."

Workshare promised the firm flexibility in meeting orders, enabling some departments to work three-day weeks, others four-day weeks, and still others full time. In addition, it allowed the firm to hold on to valuable technical and professional people. "How do you hire a chemist for a three-day workweek?" Nottage asked.

Throughout most of 1985, Workshare affected 200 of the firm's 350 employees. It was administered on a department-by-department basis and chiefly affected assembly line workers, who comprise 80 percent of the firm's workforce, although some technical and administrative personnel were affected as well. The assembly line jobs are mainly non-skilled and paid an average of $7.50 per hour during Workshare, but now pay $5.75.

Without Workshare, View-Master would have had to lay off about 70 workers during the slow year; instead it only laid off 20 to 30 employees, Nottage said.

Paperwork Headache, Tax Problems

While View-Master employees were pleased with Workshare, management was soon overwhelmed with documentation required by the state. Initially, personnel department employees were to follow most other units and be reduced to a four-day workweek. But when the department's workload increased 10 to 20 percent after Workshare started, the personnel department cutback was scrapped.

View-Master's paperwork problems were compounded by its desire to have employees alternate between three- and four-day weeks, depending on the flow of orders. Because the state requires employees in each department to be scheduled in advance for either a three- or four-day workweek, some of the flexibility the company had hoped the program would provide was lost.

Copyright 1988
The Bureau of National Affairs, Inc.

In addition, Workshare required that employees' worktime be adjusted for paid time off, such as sick leave and vacations. "It took more planning and documentation than we thought," Nottage said. "But the clerical portion is only a headache. It can be overcome."

More serious was the potential liability of rising unemployment tax rates because employees were tapping unemployment benefits. Nottage said the company did not know at the time to what extent the Workshare experience would increase its unemployment taxes.

Under Oregon law, firms experiencing an increase in layoffs see their unemployment insurance rates go up, to a maximum of 5.4 percent of payroll. If a firm uses Workshare, however, the maximum rate rises to 8.4 percent of payroll. The tax rate must be equal to the true benefit ratio, Hale Thornburgh, supervisor of the adjustment unit at the state Employment Division, told BNA. The difference is designed to discourage employers from abusing Workshare, according to state officials, who noted that unemployment compensation is to be used to cushion temporary work loss, not to underwrite income during lengthy business downturns.

Just before View-Master's one year Workshare plan expired, the company contemplated continuing the program for another few months. "We decided not to use it due to the potential tax liability, and because we didn't want to raise employee expectations," Nottage said.

Yet another problem with Workshare, according to Nottage, is how popular it turned out to be with employees. Nottage explained that once Workshare had been adopted, employees liked it so much that it became difficult for the company to abandon the strategy and consider making layoffs if conditions warranted. "Workshare's like giving someone a raise and then taking it away. It's hard to back out of it without affecting employee morale," he said.

Areas for Improvement

Nottage said that there are two areas in which Workshare needs improvements. First, the program should be changed to make the documentation simpler, Nottage said. For example, he would like the flexibility of scheduling people to work either a three-day week or four-day week without advance notice so that the firm could respond more quickly to fluctuations in orders.

Second, Nottage said, the tax liability issue remains a major problem, but he was uncertain as to how to remedy the situation.

Statewide, Workshare appears to have only a "modest" future, said Thornburgh, in part because of the state's policy of not publicizing its unemployment programs. The firms that have used Workshare so far cover a wide range of businesses, but most tend to be smaller companies with 100 to 200 workers. The larger companies shy away from the program out of concern over its effect on their unemployment tax rates, he speculated.

Copyright 1988
The Bureau of National Affairs, Inc.

Case Study

Mercy Hospital

Situated on Chicago's near south side, barely out of reach of the shadows cast by the city's skyscrapers, is Mercy Hospital and Medical Center—a full-service, multi-specialty research and teaching hospital offering inpatient and outpatient preventive, diagnostic, and rehabilitative services.

With total operating expenses in 1985 of $82.7 million, the full-time equivalent staff of 2,015 employees handled nearly 17,000 admissions. Nearly one-third of the full-time staff are nurses, and perhaps no other group of private employees is under greater pressure to be well-qualified, efficient, and scrupulously available. This places special burdens on hospital administrators, and Mercy is meeting these challenges through its own versions of flexible staffing and scheduling, including:

- Permanent part-time employees;
- On-call work pools;
- A hospital-run group of nurses working on a contract basis for outside clients; and, to a lesser extent,
- Scheduling variations, including V-time.

The hospital's latest scheduling innovation involved a January 1988 letter sent to "well over" 500 registered nurses, according to Mary Kay Kacmarek, director of nursing. The letter told former hospital nurses and other registered nurses that the hospital was offering flexible hours and schedules. The employment recruiter received 155 responses and started hiring for many "unconventional" shifts, Kacmarek said. For instance, the 7 p.m. to 11 p.m. shift traditionally has been difficult to fill, but the recruiter hired nurses from those who responded to the letter to work those hours.

According to Mercy's former director of nursing, Patricia O'Neill, in 1986 about 72 percent of the nursing staff on an average day were regular full-time employees. Ten percent of the staff were permanent part-time nurses. Nurses from a work-when-assigned "float pool" made up about 15 percent of the staff. About 3 percent of the staff came from a pool of full-time nurses who volunteered to take on extra assignments.

All nurses, regardless of staffing or scheduling status, participate in Mercy's benefit plan, with nurses working less than full-time receiving a prorated share. Hourly pay levels vary by nursing jobs, skills, and seniority, but not staffing status. For example, full- and part-time nurses with comparable skills, responsibilities, and seniority will receive the same hourly pay rate. None of the hospital's nursing staff are covered by union contracts.

Part-Time Program

The use of permanent part-time employees at the hospital has been a success, Kacmarek stated. This success is largely attributable to integrating the permanent part-time staff into the overall structure of core employees. Part-timers help alleviate the full-time staff's work load.

Copyright 1988
The Bureau of National Affairs, Inc.

Good communications underlie the integration effort. An educational system has been set up, and the part-time group supervisor, in addition to her other duties, acts as an information conduit, keeping nurses up-to-date on all the latest hospital developments.

Mercy's former nursing director conceded that there are challenges in deciding to carry a permanent part-time workforce, and that because of these challenges, the "natural tendency is to go with a full-time staff." But on balance, she said, the benefits outweigh the costs.

One of the costs is the larger Federal Insurance Contributions Act (FICA) tax that has to be paid when a permanent, part-time staff is retained. It costs more to carry two employees for a 40-hour week than it does for a single employee. But this relatively small economic penalty has to be contrasted to the even larger costs the hospital would have to pay to retain a full-time staff employed on a 24-hour basis.

Budget figures finally convinced hospital officials that a permanent part-time work force made sense, O'Neill said. But, she added, "it was an uphill battle there for a while to prove to these fiscal people that it works."

'Marketing' Nurses

Although Mercy Hospital seems to have little trouble these days attracting qualified nurses for both full and part-time work, there is, nevertheless, competition among hospitals to retain the best workers.

One inducement offered by Mercy is the diversity of opportunity it provides its career nurses. In a kind of reversal of a temporary nurse registry service (where a hospital purchases the services of nurses who are technically employed by a nursing registry), Mercy markets its specially trained nurses to commercial and industrial firms and to schools.

For example, if a company's staff nurse is on vacation, or a private school needs qualified personnel to administer inoculations or health-screening programs, Mercy will provide its nurses to meet these needs. The hospital assumes all responsibility for training, education, and benefits, and contracts with the various outside organizations to supply nurses for specified periods of time.

Such an arrangement is viewed as an attractive option for nurses considering employment at Mercy. Not only does it give some nurses a temporary change of activities, but it also enables others who might be contemplating a move to a private company or school later in their career a chance to see what it is like, according to Kacmarek.

Conversely, the hospital has a home health care division through which a certain cadre of Mercy nurses is away from the hospital virtually all the time. Yet these nurses may choose to work at the hospital for a while, to gain new experiences and broader employment perspectives.

Nursing Registries Said Unsatisfactory

Kacmarek said that Mercy has experimented with "outside registries," but found them to be unsatisfactory. During the 1970s, when the hospital census was heavy and the workforce small, such registries were used to provide supplemental nurses. But they didn't work out. The in-house nurses opposed their use, believing the registry nurses were not providing adequate care to their patients. Out of this experience grew a number of innovative staffing mechanisms now used at the hospital.

Making the transition from using outside employees to the successful use of various new staffing measures with the hospital's own workforce proved to be "a very traumatic period of time." During this period, O'Neill said, hospital nurses agreed to work long hours, and around-the-clock staffing meetings were held to keep the nurses apprised of conditions and developments, as well as to encourage support and cultivate proper attitudes.

This was the only time such outside nurse registries were used, according to O'Neill, who added that the entire nurses' staff hoped the hospital would never have to resort to this option again.

Copyright 1988
The Bureau of National Affairs, Inc.

Two On-Call Work Pools

On-call work pools operated directly by Mercy are now used by the hospital to meet the changing demand for nurses. At Mercy, such temporary workers fall into two groups—the "float pool" and "on-call" nurses.

Nurses in the "float pool" are not part of the regular full- or part-time staffs. The hospital keeps a file on the hours these nurses are available for work, and they may be called in on days when there is a heavy patient case load. These "float pool" nurses are not obliged to work if they are called.

The "on-call" nurses are regular, full-time nurses who sign up to work extra hours on an as-needed basis. Workers in this program receive a minimum $10 per day payment when they are on call, even if they are not called in to work. But unlike the float pool, they must work when called. Because they are regular full-timers, any hours worked beyond their regular work week are compensated at time-and-a-half their straight time wages.

Generally, both of these temporary work pool arrangements have been successful. The key to their success, O'Neill said, is that the people who apply for these jobs know the kind of work they will be asked to do. "The expectations of the potential employees make it work," she added. Such "pool" nurses are expected to provide services ranging from surgery to home care.

These pools benefit both the hospital and the workers; they are an especially popular work arrangement for women with children. Hospital administrators try to be as flexible with the pool nurses as possible, according to Mercy officials.

Finally, Mercy has implemented certain variations in scheduling, including voluntary reduced work time (V-time). If the hospital census falls, the nursing staff seeks volunteers for reduced work hours. Those who volunteer for reduced hours continue to receive the full benefit package, including full vacation, personal days, sick time, insurance, and fringe benefits.

O'Neill said a substantial effort was required to convince hospital officials that net savings could be realized by keeping the full benefits package intact for reduced-hour workers. Budget calculations, however, demonstrated the value of the idea.

Forced Staff Cuts Avoided

Mercy has not had to resort to forced staff reductions to deal with reduced workloads, according to Kacmarek. Times of light patient census have been accommodated by cutting back on float-pool and on-call nurses, and through V-time. To the extent that those staff cuts have been insufficient, the hospital has chosen to live with overstaffing.

With respect to work schedule variations, the hospital currently has an eight-hour shift and a 12-hour shift, both integral multiples of a 24-hour day. By implementing these shifts in strategic ways, the hospital can maintain sufficient nursing personnel for critical and busy times. Using a combination of these shifts is relatively common in the health care industry.

O'Neill said that experimentation with 10-hour shifts, and especially with peak-time staffing, proved unworkable. With these scheduling regimes, reporting mechanisms became difficult, personnel continuity was threatened, and individual commitment on the part of the nurses declined.

Copyright 1988
The Bureau of National Affairs, Inc.

Get Authoritative Monthly Coverage of Work & Family Issues and Developments . . .

The National Report on Work & Family is published by Buraff Publications, Inc., a subsidiary of The Bureau of National Affairs, Inc. (BNA), the nation's leading publisher on human resource issues. With a subscription to *The National Report on Work & Family*, you'll receive a monthly newsletter on:

- Every issue in the "work and family" field – from dependent child care and flextime to relocation, parental leave, and elder care.
- New laws, regulations, and court cases.
- Public sector, private sector, and international developments.
- Case studies on actual programs.
- How-to guidance on setting up your own programs.

Plus, you'll also receive 12 in-depth Special Reports a year, each focusing on a single "work and family" topic.

A yearly subscription to *The National Report on Work & Family* is $345. Call (202) 452-7889 to place your order today.

Other newsletters from Buraff Publications:

AIDS Policy & Law
Civil RICO Report
Asbestos Abatement Report
International Securities Regulation Report
Liability & Insurance Bulletin
The National Report on Substance Abuse
Immigration Policy & Law
Air Safety Law & Technology
Indoor Pollution News

For information on any of these publications – call (202) 452-7889.

ORDER THESE BNA SPECIAL REPORTS TODAY

#1) Wilmer, Cutler & Pickering's Emergency Babysitting Facility

Discover what one Washington, D.C., law firm is doing to provide back-up child care for its partners, associates, and non-legal staff. Designed to be used on an emergency basis only, this innovative babysitting service may be a one-of-a-kind operation.

Single copy price: $35, Order #BSP-82

#2) 33 Ways to Ease Work/Family Tensions: An Employer's Checklist

What can employers do to help their employees balance the needs of family and workplace? Find complete descriptions of 33 programs currently in use. Familiar options are included, such as day care centers and maternity leave, as well as less widely known programs, such as seminars for latchkey kids and their parents, and help for nursing mothers.

Single copy price: $35, Order #BSP-84

#3) Employees and Eldercare: A New Benefit Coming of Age

The number of workers with adult caregiver responsibilities is growing rapidly, as the parents of baby boomers enter their 60s, 70s, and 80s. What are employers' options to help employees?

Single copy price: $35, Order #BSP-91

#4) Adoption Assistance: Joining the Family of Employee Benefits

What are corporations doing to help employees who adopt children? At least 60 medium to large corporations are including parental leave plans and adoption assistance provisions in their employee benefits packages.

Single copy price: $35, Order #BSP-94.

To order these BNA Special Reports call the BNA Response Center TOLL-FREE (800) 372-1033

Cat. #14-6054

The Bureau of National Affairs, Inc.
1231 25th Street, N.W., Washington, D.C. 20037

BSP-96